

ONE HUNDRED SEVENTH LEGISLATURE - SECOND SESSION - 2022
COMMITTEE STATEMENT
LB596

Hearing Date: Friday February 05, 2021
Committee On: Revenue
Introducer: Albrecht
One Liner: Adopt the Nebraska Higher Blend Tax Credit Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Albrecht, Bostar, Flood, Briese, Friesen, Lindstrom, Linehan, Pahls
Nay:
Absent:
Present Not Voting:

Oral Testimony:

Proponents:

Senator Joni Albrecht
Jon Cosby
Dawn Caldwell
Andy Jobman
Roger Berry
Jan Ten Bense

Representing:

Introducer
Renewable Fuels Nebraska
Aurora Cooperative, Nebraska Fuel Retailers Association
Nebraska Corn Growers Association
Nebraska Ethanol Board
Nebraska Ethanol Board

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB596 creates the Nebraska Higher Blend Tax Credit Act ("Act"). The Act creates a refundable tax credit to a taxpayer who is a retail dealer who stores and dispenses an E-15 blend or higher motor fuel. The refundable tax credit may be claimed for taxable years beginning on or after January 1, 2021.

The refundable tax credit will be equal to 3 cents times the total number of gallons of E-15 sold during the prior calendar year. For E-25 or higher blends, the refundable tax credit will equal 5 cents times the number of gallons sold during the prior calendar year.

The Department of Revenue ("Department") will administer the provision of the Act. The Department is authorized to adopt rules and regulations to carry out the provision of the Act. To receive the refundable tax credit, the taxpayer shall submit an application to the Department. The application shall specifically ask for the following:

- Name and address of the taxpayer.
- Total number of gallons of E-15 sold
- Total number of gallons of E-25 sold
- Total number of gallons of E-30 sold
- Total number of gallons of E-85 sold.
- Any other documentation required by the Department.

The applications shall be approved in the order they are received. The Department may approve up to \$2 million in refundable tax credits during any calendar year. No new applications may be filed after December 31, 2025. Applications pending or approved prior to December 31, 2025 will continue in full force and effect.

Any credit in excess of a taxpayer's liability may be refunded to the taxpayer or be carried forward to subsequent taxable years until fully utilized.

Explanation of amendments:

The amendment increases the tax credit from \$.03 per gallon to \$.05 per gallon of E15 sold. It increases the credit from \$.05 per gallon to \$.08 per gallon of E25 or higher sold by the taxpayer.

For the calendar year 2022, the cap on tax credits shall be \$2 million. For the calendar year 2023 and forward, the annual limit is calculated by multiplying the annual limit from the prior calendar year by 200% if the amount of tax credits approved in the prior calendar year exceeded 90% of the annual limit or multiplied by 100% if the amount of credits approved in the prior calendar year did not exceed 90% of the annual limit.

In no case shall the annual limit exceed \$4 million.

No new applications may be filed after December 31, 2026.

Tax credits may be claimed tax beginning in tax year 2022.

Lou Ann Linehan, Chairperson